

Message Text

CONFIDENTIAL

PAGE 01 BONN 07053 01 OF 07 251541Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W
-----251740Z 109828 /44

P R 251525Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7651
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 01 OF 07 BONN 07053

E.O. 11652: GDS
TAGS: PINT, PFOR, GW
SUBJECT: THE FUTURE OF THE SCHMIDT-GENSCHER GOVERN-
MENT

REF: BONN 4959

BEGIN SUMMARY: RECENTLY, THERE HAS BEEN CONSIDERABLE
SPECULATION ABOUT THE FUTURE OF THE SCHMIDT-GENSCHER
GOVERNMENT. THIS IS PARTLY THE PRODUCT OF PRESS HYPER-
BOLE, AND PARTLY THE RESULT OF A GENERAL FEELING OF
MALAISE IN THE FRG BROUGHT ABOUT BY A SERIES OF GOVERN-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 01 OF 07 251541Z

MENT STUMBLES.

IN ASSESSING THE GOVERNMENT'S PROSPECTS, IT IS USE-
FUL TO CONSIDER IN THREE STAGES THE REMAINING THREE
YEARS PLUS OF THE CURRENT BUNDESTAG LEGISLATIVE PERIOD:
(1) THE TIME REMAINING UNTIL THE FIRST LAND (STATE)
ELECTION IN MARCH 1978; (2) THE PERIOD OF FIRST KEY

LAENDER ELECTIONS, MARCH - OCTOBER 1978; AND (3) THE REMAINING LEGISLATIVE PERIOD UNTIL THE NEXT BUNDESTAG ELECTIONS, NOW SCHEDULED FOR 1980.

BARRING UNFORESEEN EVENTS, THE COALITION APPEARS LIKELY TO SURVIVE THE FIRST STAGE. THE SECOND STAGE WILL BE CRUCIAL, BUT THE BONN COALITION HAS A CHANCE TO HOLD UNLESS THE RESULTS ARE SO DISASTROUS IN KEY LAENDER ELECTIONS THAT THE FDP FEELS IT CAN NO LONGER REMAIN IN COALITION WITH THE SOCIAL DEMOCRATS IN BONN. IF THE GOVERNMENT COMES THROUGH THE SECOND STAGE, THERE IS LITTLE LIKELIHOOD THAT IT WILL FALL BEFORE THE 1980 ELECTIONS ALTHOUGH ITS ENERGY AND AUTHORITY MAY BE SAPPED AND ITS ENTIRE CAPACITY WILL BE FOCUSED ON THOSE ELECTIONS.

WHAT THIS SITUATION MEANS FOR US-FRG RELATIONS IS THAT FOR THE NEXT FEW YEARS THE UNITED STATES WILL BE DEALING WITH AN EDGY AND UNCERTAIN PARTNER, A PARTNER MORE PREOCCUPIED WITH DOMESTIC POLITICS THAN IN THE PAST THOUGH STILL ABLE TO GOVERN BECAUSE OF THE STRUCTURE OF THE FRG CONSTITUTIONAL SYSTEM.

THAT SAID, BOTH SCHMIDT AND GENSCHER ARE CONVINCED THAT CLOSE RELATIONS WITH THE U.S. REMAIN AN ESSENTIAL PILLAR OF GERMAN FOREIGN POLICY -- ESPECIALLY AT A TIME WHEN THE OTHER TWO PILLARS, EUROPEAN INTEGRATION AND DETENTE, ARE SAGGING. MOREOVER, THEY KNOW THAT THE FOREIGN POLICY CARD PLAYED CORRECTLY CAN HELP TO SHORE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 01 OF 07 251541Z

UP THE SOCIAL/LIBERAL COALITION'S DOMESTIC POSITION.

THIS MESSAGE SKETCHES THE THREE DIFFERENT POLITICAL PHASES OF THE BUNDESTAG SESSION, RECALLS THE ELEMENTS THAT MAKE FOR CONTINUITY AND STABILITY HERE, AND GIVES A VERY PRELIMINARY ASSESSMENT OF WHAT IT MAY ALL MEAN FOR US AND OUR INTERESTS. END SUMMARY.

1. INTRODUCTION

IN RECENT WEEKS THERE HAS BEEN CONSIDERABLE SPECULATION ABOUT THE SURVIVABILITY OF THE SCHMIDT-GENSCHER GOVERNMENT. THIS RESULTS IN PART FROM GERMAN OBSESSION WITH SELF-EXAMINATION AND IN PART FROM MEDIA HYPERBOLE. IN ADDITION, HOWEVER, THERE HAS BEEN A GENERAL FEELING OF MALAISE IN THE FRG WHICH IS, AT LEAST IN PART, THE RESULT OF A NUMBER OF GOVERNMENT POLITICAL FUMBLES COMBINED WITH ITS APPARENT INABILITY TO MAKE SIGNIFICANT HEADWAY IN BASIC POLITICAL AND ECONOMIC PROBLEM AREAS

(REFTEL).

AS EACH NEW PROBLEM IN THE COALITION PARTIES OR IN
THE GOVERNMENT BREAKS INTO PUBLIC PRINT, THE PRESS AND
THE OPPOSITION IMMEDIATELY CITE IT AS ANOTHER NAIL IN

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 02 OF 07 251549Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W
-----251740Z 109918 /46

P R 251525Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7652
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 02 OF 07 BONN 07053

THE COFFIN OF THE COALITION. COALITION POLITICIANS ARE
AWARE THAT, GIVEN THE SMALL MAJORITY IN THE BUNDESTAG
AND THE OFTEN TENSE RELATIONS BETWEEN THE PARTNERS IN
THE GOVERNMENT, IT IS ALWAYS POSSIBLE THAT SOMETHING
WILL HAPPEN OR THAT A DISAGREEMENT IN THE COALITION WILL
GET OUT OF HAND BEFORE SCHMIDT AND GENSCHER CAN HANDLE
IT. THIS SITUATION MAKES THE COALITION UNEASY AND ITS
PARTNERS PRONE TO OVERREACT.

IN ASSESSING THE FUTURE OF THE SOCIAL/LIBERAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 02 OF 07 251549Z

COALITION IN BONN, IT IS USEFUL TO DIVIDE THE TIME-FRAME INTO THREE STAGES POLITICALLY: FROM NOW UNTIL SPRING 1978, WHEN THE FIRST LAND ELECTION TAKES PLACE; FROM MARCH TO OCTOBER 1978 WHEN KEY ELECTIONS WILL TAKE PLACE IN HAMBURG, LOWER SAXONY, HESSE, AND BAVARIA; AND FROM THE END OF 1978 TO OCTOBER 1980, WHEN NEW BUNDESTAG ELECTIONS ARE NOW SCHEDULED.

MAKING POLITICAL PREDICTIONS IS A HIGH-RISK BUSINESS AND THE LONGER THE TIME-FRAME THE LESS LIKELY THE PREDICTIONS ARE TO HOLD UP. THIS IS ESPECIALLY TRUE WHEN TALKING ABOUT A GOVERNMENT THAT HAS PROVEN EVEN MORE ACCIDENT-PRONE THAN WE HAD EXPECTED, AND THAT SEEMS TO HAVE MORE THAN ITS SHARE OF BAD LUCK. WITH THAT IN MIND, WE FEEL SOMEWHAT MORE SECURE ABOUT THE PROGNOSIS FOR THE FIRST STAGE (UNTIL MARCH 1978) THAN ABOUT THE LATER STAGES. NEVERTHELESS, WE WILL TRY FOR WASHINGTON PLANNERS TO OUTLINE THE POLITICAL FORCES THAT ARE LIKELY TO BE OPERATIVE AFTER MARCH 1978 AND SOME POSSIBLE SCENARIOS.

2. THE FIRST STAGE (UNTIL MARCH 1978)

OVER THE NEXT YEAR, A NUMBER OF FACTORS WILL COME TO THE FORE WHICH ARE LIKELY TO AFFECT THE FUTURE OF THE BONN COALITION.

-- EXTERNAL.

SHOULD COMMUNIST OR COMMUNIST-ASSOCIATED FORCES ENTER THE GOVERNMENTS OF FRANCE AND/OR ITALY, OR EVEN GAIN SIGNIFICANTLY IN REAL OR APPARENT POWER AND INFLUENCE, THE WEST GERMAN ELECTORATE MAY WELL REACT BY SHIFTING TOWARD THE MORE CONSERVATIVE CDU/CSU OPPOSITION. THIS BACKLASH EFFECT CAN VERY EASILY CARRY INTO THE LAENDER ELECTIONS WITHIN THE FEDERAL REPUBLIC IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 02 OF 07 251549Z

THE SECOND STAGE OF OUR SCENARIO, BUT EVEN INITIALLY IT WILL TEND TO HELP PUT THE GOVERNING COALITION HERE MORE ON THE DEFENSIVE.

IF US/USSR OR FRG/USSR RELATIONS SHOULD SOUR, THE
CDU/CSU SHOULD ALSO BENEFIT. HOWEVER,
IN GENERAL TERMS, A MAJOR INTERNATIONAL CRISIS SHOULD
RALLY VOTERS BEHIND SCHMIDT, A TESTED LEADER, RATHER
THAN TOWARD AN UNTRIED HELMUT KOHL. IF DETENTE SHOULD
FLOWER, OF COURSE, THE GOVERNMENT'S OSTPOLITIK WOULD
AGAIN RECEIVE GREATER CREDENCE AND SUPPORT.

-- INTERNAL.

THE STATE OF THE SPD.

HARDLY A WEEK GOES BY WITHOUT THE SPD BEING HIT
WITH ANOTHER SCANDAL OR SETBACK. THE LOSS OF THE
SOCIAL-DEMOCRATIC MAJORITY IN THE MUNICH CITY HALL
BECAUSE OF A SPLIT WITHIN THE PARTY, THE RESIGNATION OF
FORMER MINISTER-PRESIDENT OSSWALD AS CHAIRMAN OF THE
SPD IN HESSEN FOLLOWING ALLEGATIONS OF CORRUPTION,
CONFUSION AND BACKBITING IN THE BERLIN PARTY, AND
DISASTROUS LOSSES IN THE HESSIAN COMMUNAL ELECTIONS, ARE
JUST SOME OF THE MORE RECENT DISASTERS THAT HAVE
BEFALLEN THE SOCIAL DEMOCRATS.

IT IS PRACTICALLY IMPOSSIBLE TO FIND A SATISFIED
GERMAN SOCIAL DEMOCRAT AT THIS POINT. THERE IS CON-
SIDERABLE CRITICISM OF WILLY BRANDT'S INABILITY TO
SHAPE UP THE PARTY AND THIS IS MATCHED BY UNHAPPINESS
WITH THE WAY HELMUT SCHMIDT HAS LED THE COALITION SINCE
THE INSTALLATION OF THE NEW GOVERNMENT LAST DECEMBER.

RUMORS PERSIST THAT KEY SOCIAL DEMOCRATS FEEL IT
MAY BE TIME FOR THE PARTY TO GO INTO OPPOSITION IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BONN 07053 02 OF 07 251549Z

ORDER TO PURGE AND REBUILD ITSELF AND IN ORDER TO
RETAIN ITS IDEOLOGICAL PURITY FREE OF THE MANY COM-

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 03 OF 07 251555Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W
-----251741Z 109997 /44

P R 251525Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7653
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 03 OF 07 BONN 07053

PROMISES REQUIRED BY THE OBLIGATIONS OF THE COALITION.

THERE ARE STORIES, DENIED BY HIS INTIMATES, TO
THE EFFECT THAT WEHNER FAVORS SUCH A COURSE. KEY SOCIAL
DEMOCRATS HAVE TOLD US THAT A PARTY WHICH HAS EXISTED
FOR 130 YEARS MUST NOT JEOPARDIZE ITS IDEALS AND
PURPOSES FOR THE SAKE OF A FEW PALTRY YEARS OF POWER.
HOWEVER, MOST TOP SPD LEADERS STILL BELIEVE THAT WITH-
DRAWAL FROM RESPONSIBILITY UNDER PRESENT CONDITIONS
WOULD NOT ONLY INCREASE INTERNAL DISSENTION IN THE PARTY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 03 OF 07 251555Z

BUT TARNISH ITS VOTER IMAGE AS AN EFFECTIVE GOVERNING
INSTRUMENT, THUS RETURNING IT TO THE DAYS BEFORE THE
GRAND COALITION.

WILLY BRANDT'S ROLE, AS USUAL, IS CONTROVERSIAL
AND SLIGHTLY QUIXOTIC. HE HAS GRUMBLED ACIDLY ON
SCHMIDT'S PERFORMANCE AND DROPPED HINTS THAT HE (BRANDT)
COULD DO IT BETTER. BUT ONLY HIS MOST STEADFAST SUPPOR-
TERS APPEAR TO BELIEVE THAT HE HAS A CHANCE.
IN FACT, SEVERAL SPD FIGURES HAVE OBSERVED TO US THAT
BRANDT'S APPARENT INCAPABILITY AND DISINCLINATION TO

MANAGE THE SPD DO NOT EXACTLY MERIT HIM ANOTHER CRACK
AT RUNNING THE WHOLE COUNTRY.

THE STATE OF THE FDP.

THE FDP IS ALSO IN A STATE OF DISARRAY. THE
RIGHT WING IS FLIRTING WITH THE CDU AND THE LEFTISTS
OFTEN TAKE POSITIONS TO THE LEFT OF THE SPD. THE
BUGGING AFFAIR HAS SO DAMAGED INTERIOR MINISTER MAI-
HOFER'S REPUTATION THAT HIS POLITICAL FUTURE IS IN
DOUBT. PROBLEMS WITH THE ASSOCIATED YOUTH ORGANIZATION
(JUDOS) CONTINUE TO PLAGUE THE PARTY. MOREOVER, MORE
AND MORE PARTY MEMBERS (AS NOW IN HESSE) ARE
QUESTIONING THE WISDOM OF STAYING ON A LEAKY SHIP.

-- PROGNOSIS.

DESPITE THE ABOVE DIFFICULTIES, BARRING AN UNFORE-
SEEN DEVELOPMENT SUCH AS A DECISION BY SCHMIDT TO
RESIGN OR A MAJOR INTRA-PARTY CRISIS, IT IS LIKELY THAT
THE COALITION WILL MUDDLE THROUGH UNTIL THE LAENDER
ELECTIONS NEXT YEAR ALTHOUGH IT MAY SUFFER REPEATED
BUFFETINGS. EVEN THE MOST OPTIMISTIC CDU POLITICIANS
GRANT THAT THERE IS VERY LITTLE LIKELIHOOD
THAT THE SOCIAL/LIBERAL COALITION WILL BREAK UP BEFORE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 03 OF 07 251555Z

THEN. CERTAIN STABILITY FACTORS (LISTED BELOW) HELP
IT NOT ONLY IN GENERAL BUT ALSO IN THE NEAR TERM.

SCHMIDT IS WELL AWARE OF THE GOVERNMENT'S
PROBLEMS AND HAS MET ON A NUMBER OF OCCASIONS WITH
CLOSE ADVISORS TO TRY TO MAP OUT A STRATEGY IN PRE-
PARATION FOR THE SECOND STAGE OF THE BUNDESTAG PERIOD.
HIS HEALTH, HOWEVER, REMAINS AN UNKNOWN, AND HE HAS
BEEN PRONE TO PERIODS OF GREAT DEPRESSION. IN
RECENT DAYS WE HAVE HAD REPORTS THAT HE IS IN A DEEP
FUNK. IN THE PAST, SCHMIDT HAS MANAGED ALWAYS TO PULL
HIMSELF OUT OF THE DOLDRUMS AND HE MAY DO SO IN THE
NEAR FUTURE. WHEN HE IS ON TOP OF HIS MARK, HE IS ONE
OF THE MOST INCISIVE AND EFFECTIVE POLITICIANS IN THE
WESTERN WORLD. THE QUESTION REMAINS, CAN HE REGAIN
HIS OLD FIGHTING FORM?

3. THE SECOND STAGE (MARCH-OCTOBER 1978)

THE PERIOD FROM THE FIRST LAND ELECTION IN HAMBURG

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 04 OF 07 251603Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W
-----251740Z 110103 /44

P R 251525Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7654
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 04 OF 07 BONN 07053

IN THE SPRING OF 1978 UNTIL THE ELECTIONS IN BAVARIA AND
HESSE IN OCTOBER WILL SERVE AS A CRUCIBLE FOR THE BONN
COALITION. AS OF NOW, SEEN FROM BONN, THE SITUATION
APPEARS AS FOLLOWS:

-- HAMBURG.

WHATEVER THE OUTCOME OF THE ELECTION, THERE IS
LITTLE LIKELIHOOD THAT THE HAMBURG FDP, ONE OF THE MORE LEFTISTS
LIBERAL ORGANIZATIONS IN THE FEDERAL REPUBLIC, WOULD
DESERT THE SOCIAL DEMOCRATS. NO ONE EXPECTS THE CDU
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 04 OF 07 251603Z

TO GAIN AN ABSOLUTE MAJORITY AND CAPTURE THE CITY HALL. HOWEVER, FURTHER SETBACKS IN HELMUT SCHMIDT'S OWN BACKYARD WOULD BE DEPRESSING AND DESTABILIZING FOR THE NATIONAL COALITION, ESPECIALLY SINCE IT IS THE FIRST ELECTION OF THE YEAR.

-- LOWER SAXONY.

LOWER SAXONY WILL PROVIDE A DIFFERENT KIND OF PROBLEM FOR SCHMIDT AND GENSCHER, SINCE THE CDU AND THE FDP ARE IN COALITION IN HANNOVER. GAINS BY THE CDU AND/OR THE FDP (WHICH WOULD CONFIRM THE WISDOM OF HAVING FORMED THEIR COALITION) COULD BE EXTREMELY DANGEROUS FOR THE SOCIAL/LIBERAL COALITION IN BONN. SOME KEY FDP STRATEGISTS TELL US THAT THEY WOULD PREFER THEIR PARTY IN HANNOVER TO HOLD ITS OWN OR DO SLIGHTLY BETTER IN COMPARISON TO 1974, BUT THEY WOULD NOT LIKE TO SEE IT GAIN TOO MUCH BECAUSE OF THE PROBLEM THIS WOULD PRESENT FOR GENSCHER IN BONN.

-- HESSE.

AS OF NOW, IT APPEARS THAT HESSE WILL BE THE KEY TEST FOR THE BONN SOCIAL/LIBERAL COALITION. SHOULD THE CDU OBTAIN AN ABSOLUTE MAJORITY IN THIS CRITICAL SPD BASTION, IT WOULD BE EXTREMELY DIFFICULT FOR THE BONN COALITION TO SURVIVE. THE SCANDAL-RIDDEN AND DEMORALIZED HESSIAN SPD WOULD SEEM TO OFFER A VERY TEMPTING TARGET FOR THE CDU LED BY ALFRED DREGGER. WE HAVE LEARNED THAT DREGGER HAS APPROACHED CDU LIBERAL POLITICIANS IN BONN TO EXPLORE THE POSSIBILITY OF BALANCING HIS TICKET SO THAT THE CDU MIGHT DRAW FROM BOTH SIDES OF THE SPECTRUM IN THE HESSIAN ELECTION. ANOTHER NIGHTMARE FOR THE BONN COALITION WOULD BE A DECISION BY THE HESSIAN FDP (WHICH HAS NOT PROSPERED IN ITS CURRENT COALITION WITH THE SPD) TO ANNOUNCE BEFORE

CONFIDENTIAL

PAGE 03 BONN 07053 04 OF 07 251603Z

THE LANDTAG ELECTIONS ITS INTENTION TO CHANGE PARTNERS AFTER THAT ELECTION. THE RECENT SQUABBLE BETWEEN THE HESSIAN SPD AND FDP MAY INDICATE THAT THE LIBERALS ARE ALREADY MOVING IN THAT DIRECTION.

-- BAVARIA.

ALTHOUGH IT WOULD SEEM EXTREMELY DIFFICULT FOR THE CSU TO IMPROVE ON THE 62.1 PERCENT RESULT IN 1976, THE SAD STATE OF THE SPD, PARTICULARLY IN MUNICH, DOES NOT FORECLOSE THE POSSIBILITY THAT THE CSU WILL DO AS WELL OR BETTER NEXT YEAR. BEFORE THE LAND ELECTION,

MUNICIPAL ELECTIONS WILL TAKE PLACE AND AS OF NOW, IT SEEMS WITHIN REASON THAT THE CSU MAY CAPTURE MUNICH CITY HALL. THE LATEST SPLINTERING OF MUNICH SOCIAL DEMOCRATS DOES NOT BODE WELL FOR THE UNINSPIRING SPD CANDIDATE, VON HECKEL. THE FDP IN BAVARIA IS TRULY MARGINAL, HOWEVER, AND ITS SHOWING IS UNLIKELY TO HAVE AN EFFECT ON THE BONN SITUATION ONE WAY OR ANOTHER.

-- EUROPEAN PARLIAMENT.

THE FORM OF THE FIRST DIRECT ELECTIONS OF THE EUROPEAN PARLIAMENT TENTATIVELY SCHEDULED FOR 1978 IS NOT YET SET. THE SPD/FDP WANTS STRAIGHT PROPORTIONAL REPRESENTATION ON THE BASIS OF ELECTIONS BY FRG-WIDE LISTS. THE CDU/CSU WANTS SOME FORM OF DIRECT ELECTIONS ON THE BASIS OF COMBINED STATE LISTS. IN EITHER CASE, ESPECIALLY WITH FRG LISTS, THE VOTE SHOULD REVEAL THE MOOD OF THE VOTERS. IF THE OPPOSITION SHOULD GAIN AN ABSOLUTE MAJORITY, SCHMIDT AND GENSCHER WOULD BE EMBARRASSED EVEN IF NOT IMMEDIATELY AFFECTED.

--PROGNOSIS.

THE PICTURE PAINTED ABOVE IS CERTAINLY BLEAK AS
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BONN 07053 04 OF 07 251603Z

FAR AS THE COALITION PARTIES ARE CONCERNED. THE

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 05 OF 07 251600Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 INR-07 L-03

ACDA-07 NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06

TRSE-00 DODE-00 H-01 NSC-05 IO-13 OMB-01 /079 W

-----251739Z 110057 /46

P R 251525Z APR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 7655

INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 05 OF 07 BONN 07053

SITUATION IS, HOWEVER, NOT HOPELESS.

THE 1974 LAND ELECTION RESULTS WERE DEPRESSED BY THE RECESSION ALTHOUGH EXPECTATIONS THAT THINGS WOULD GET BETTER REDOUNDED TO THE SPD'S BENEFIT IN THE NORTH RHINE-WESTPHALIA ELECTION. THE COALITION WOULD AGAIN GAIN IF THE ECONOMY REVIVES BY THE 1978 ELECTIONS. THE ECONOMIC PICTURE, HOWEVER, IS CLOUDED. THE ECONOMIC RECOVERY IS LAGGING SOMEWHAT AND AT ITS PRESENT PACE IS NOT LIKELY TO MAKE MUCH OF A DENT (IF ANY) IN THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 05 OF 07 251600Z

(FOR GERMANY) HIGH LEVEL OF UNEMPLOYMENT. THIS CAN FURTHER EXACERBATE THE SPD'S PROBLEMS AND LEAD TO TENSION BETWEEN THE PARTY AND THE TRADE UNIONS. IT, HOWEVER, ALSO OFFERS AN OPPORTUNITY. IF THE PACE OF THE RECOVERY CONTINUES TO LAG, SCHMIDT COULD WELL REVERSE PLANS AND PUSH FOR MORE ECONOMIC EXPANSION IN A PROGRAM WHICH COULD HELP RESTORE HIS "DOER" IMAGE AND LEAD TO SOME ACCELERATION OF ECONOMIC EXPANSION JUST IN TIME FOR AT LEAST SOME OF THE KEY ELECTIONS.

THEREFORE MUCH COULD HAPPEN IN THE TIME REMAINING BEFORE THOSE ELECTIONS TO IMPROVE THE GOVERNMENT'S FORTUNES IN 1978. IT SHOULD BE RECALLED THAT, AFTER BRANDT'S RESIGNATION IN 1974, THE SOCIAL DEMOCRATS AND LIBERALS SUFFERED A STRING OF DEFEATS AND YET MANAGED TO OBTAIN A SLIM VICTORY IN THE CRUCIAL NORTH RHINE-WESTPHALIAN ELECTION AND TO SLIP UNDER THE WIRE IN THE 1976 BUNDESTAG ELECTION.

4. THIRD STAGE (OCTOBER 1978-OCTOBER 1980)

OBVIOUSLY, WHAT HAPPENS DURING STAGE III WILL
DEPEND VERY MUCH ON THE RESULTS OF THE LAENDER ELECTIONS
DURING STAGE II. IF THE COALITION PARTNERS SUFFER
SEVERE SETBACKS IN THE LAND ELECTIONS, THE GOVERNMENT
MAY BE ABLE TO CLING TO POWER BECAUSE IT WILL RETAIN
ITS SLIM BUNDESTAG MARGIN. BUT IT WOULD HAVE EVEN
GREATER DIFFICULTY THAN IT HAS NOW PASSING
LEGISLATION IN KEY AREAS
BECAUSE THE BUNDESRAT WOULD BE EVEN MORE HEAVILY
WEIGHTED AGAINST IT. MOREOVER, IT WOULD SUFFER FROM
REDUCED AUTHORITY AND DEEP INTERNAL DIVISIONS, ESPEC-
IALLY SINCE THE SPD MAY BE CASTING ABOUT FOR A NEW
CANDIDATE AND THE FDP WOULD BE DEEPLY RIVEN BY UNCER-
TAINTY ABOUT ITS OWN FUTURE. IN THAT CASE, CALLING
NEW ELECTIONS MAY COME AS AN ACT OF GRACE AND MERCY, AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 05 OF 07 251600Z

THE OPPOSITION WOULD APPEAR REASONABLY ASSURED
OF VICTORY UNLESS IT INTENSIFIES ITS OWN BLOODLETTING.

HOWEVER, SHOULD THE COALITION EMERGE STRONGER OUT
OF THOSE LAND ELECTIONS, OR IF IT HOLDS ITS OWN, THE
GOVERNMENT'S PROSPECTS OF SURVIVAL UNTIL THE 1980
ELECTIONS WOULD APPEAR GOOD. LESS CERTAIN, HOWEVER,
WOULD BE ITS DECISIVENESS AND CAPACITY TO CONCENTRATE
ON EXTERNAL AFFAIRS.

A POSSIBLY UNSETTLING ELEMENT DURING 1979 WILL BE
THE ELECTION OF A NEW FEDERAL PRESIDENT. GIVEN THE
PRESENT COMPOSITION OF FEDERAL AND LAND ASSEMBLIES, THE
CDU/CSU HAS A MAJORITY TO ELECT A NEW PRESIDENT.
THIS HAS LED TO SPECULATION THAT SCHEEL, WHO ALLEGEDLY
WISHES REELECTION, WILL TRY TO PUSH THE FDP INTO
COALITION WITH THE UNION PARTIES TO GET THEIR SUPPORT FOR
ANOTHER PRESIDENTIAL TERM. SCHEEL'S PEOPLE DENY ANY
SUCH INTENT, AS DO CDU/CSU LEADERS WHO HAVE THEIR OWN
LIST OF CANDIDATES.

ANOTHER POSSIBLY UNSETTLING FACTOR COULD BE THE
1979 LAENDER ELECTIONS, INCLUDING NORTH RHINE-WEST-
PHALIA. BUT WE BELIEVE AS OF NOW THAT THE SEQUENCE OF
KEY 1978 LAENDER ELECTIONS WILL MAKE A GREATER COMBINED
IMPACT.

-- FACTORS FOR STABILITY.

THIS RECITAL, OFTEN BASED ON WORST-CASE ANALYSIS,
MUST GIVE PAUSE TO THOSE WHO REGARD FRG GOVERNMENT
STABILITY AS AN ESSENTIAL COMPONENT OF WESTERN

STRENGTH. THERE ARE, HOWEVER, SOME FACTORS WHICH WILL
OPERATE IN FAVOR OF THE BONN COALITION'S HANGING ON
UNTIL 1980 UNLESS THE LAENDER ELECTION RESULTS, PAR-

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BONN 07053 05 OF 07 251600Z

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 06 OF 07 251607Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W

-----251738Z 110160 /46

P R 251525Z APR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 7656

INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION USBERLIN

USMISSION NATO BRUSSELS

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 06 OF 07 BONN 07053

TICULARLY IN HESSE AND LOWER SAXONY, ARE SO BAD THAT
THE COALITION CANNOT TAKE THE SHOCK.

SOME OF THESE FACTORS ARE:

-- THE PERFORMANCE OF THE OPPOSITION.

THE CDU/CSU OPPOSITION, UNDER KOHL'S LEADERSHIP, HAS APPEARED VERY SLOW AND EVEN RELUCTANT TO TAKE ADVANTAGE OF THE GOVERNMENT'S MISTAKES.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 06 OF 07 251607Z

KOHL, A MAN OF MASSIVE AND APPARENTLY GENUINE SELF-CONFIDENCE, BELIEVES THAT THE POLITICAL TRENDS IN GERMANY ARE MOVING IN HIS DIRECTION AND THAT HE DOES NOT NEED TO MOUNT THE BARRICADES EVERY DAY IN ORDER TO SHOW HIS PRESENCE AND DRAW SUPPORT. IN FACT, HE APPEARS TO BELIEVE THAT PERSISTENT CRITICISM OF THE GOVERNMENT WILL ALIENATE THE GERMAN ELECTORATE AND ALSO MAKE IT MORE DIFFICULT FOR THE FDP TO SWITCH PARTNERS. THOSE ATTITUDES, COUPLED WITH HIS LACK OF FORENSIC GIFTS AND DISINCLINATION TO PERSONAL CONFRONTATION, HAVE MADE HIM A LACKLUSTER OPPOSITION LEADER. ONE POLITICAL JOURNALIST HAS DESCRIBED KOHL'S TACTICS AS THOSE OF "THE GRAND COALITION," A REMARK THAT IS INACCURATE ON ITS FACE BUT DOES DESCRIBE KOHL'S STRATEGY OF TACITLY ACCEPTING MUCH OF THE GOVERNMENT'S PROGRAM RATHER THAN FORCING A CONFRONTATION AT THIS TIME.

KOHL'S STYLE HAS LED TO CONSIDERABLE GRUMBLING WITHIN THE CDU/CSU FRAKTION. OF EQUAL IMPORTANCE, THE TENSIONS BETWEEN THE CDU AND THE CSU REMAIN, AND STRAUSS HAS NOT LET UP IN HIS ATTEMPTS TO CHANGE THE OPPOSITION'S POLICIES. FOR EXAMPLE, IN A RECENT JOINT CDU/CSU PARLIAMENTARY GROUP MEETING, STRAUSS TRIED TO CONVINCE THE GROUP THAT THE OPPOSITION SHOULD REJECT THE GOVERNMENT'S DEFENSE BUDGET ON THE GROUNDS THAT IT WAS INADEQUATE FOR THESE TIMES OF CRISIS. HIS POSITION WAS REJECTED, BUT HE REMAINS A THORN IN THE SIDE OF HELMUT KOHL AND THE CDU.

KOHL MAY, OF COURSE, NOT REMAIN OPPOSITION LEADER FOR THE FULL PARLIAMENTARY TERM. PARTY DISCONTENT COULD BRING OTHER, MORE COMBATIVE, FIGURES TO THE FORE. IF THE OPPOSITION DOES NOT DO WELL IN 1978, KOHL WILL HAVE TO FIGHT HARD FOR RENOMINATION FROM A PARTY THAT HAS NOT SO FAR GIVEN ITS LOSERS A SECOND
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 06 OF 07 251607Z

CHANCE.

-- THE FDP: HANS-DIETRICH GENSCHER IS CONVINCED THAT SHOULD THE FDP CHANGE COALITION PARTNERS, THE PARTY WOULD SPLIT AND THE LIBERALS WOULD BE VERY MUCH IN DANGER OF FALLING BELOW THE FIVE PERCENT BARRIER IN THE NEXT BUNDESTAG ELECTION. THEREFORE, HE WILL MAKE A SWITCH ONLY WHEN THE OBJECTIVE REALITY IS SO CLEAR THAT HE FEELS HE HAS NO OTHER CHOICE AND -- PERHAPS MORE IMPORTANT -- THAT THE MAJORITY OF PARTY MEMBERS AND SUPPORTERS AGREE. NEEDLESS TO SAY, HIS CHOSEN COURSE CAN BE RISKY FOR THE PARTY AND FOR HIS STEWARDSHIP, BUT FOR THE TIME BEING IT KEEPS THE COALITION IN THE SEAT.

-- THE BALANCE OF POWER IN THE COALITION: IT IS POPULAR AT THE MOMENT TO DESCRIBE THE BONN SOCIAL-LIBERAL COALITION AS A STALE MARRIAGE IN WHICH BOTH PARTNERS REMAIN TOGETHER MORE OUT OF CONVENIENCE THAN CONVICTION. THIS PORTRAYAL IS A BIT OVERDRAWN BECAUSE, AS ONE LEADING CDU POLITICIAN PUT IT, IT MAY BE TRUE THAT THE COALITION PARTNERS DO NOT LOVE ONE ANOTHER,

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 07053 07 OF 07 251615Z
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 ACDA-07 TRSE-00 IO-13 OMB-01 /079 W
-----251738Z 110265 /44

P R 251525Z APR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 7657
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO BRUSSELS
AMCONSUL BREMEN
AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 07 OF 07 BONN 07053

BUT UNDER WHAT OTHER SITUATION WOULD THE LIBERALS HAVE SUCH A STRONG BARGAINING POSITION. COALITIONS BETWEEN THE LIBERALS AND THE CHRISTIAN DEMOCRATS IN LOWER SAXONY AND IN THE SAARLAND DISPROVE THE "BLOCKPARTEI" CHARGE. THE LIBERALS' WEIGHT WITHIN THE COALITION DECISION-MAKING PROCESS WAS NEVER GREATER, AND THE FDP HAS EXCELLENT RELATIONS WITH THE CDU WITHOUT HAVING TO VOTE TOGETHER WITH THE CHRISTIAN DEMOCRATS. THUS, THE FDP HAS CONSIDERABLE INCENTIVE TO STAY PUT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07053 07 OF 07 251615Z

-- THE GERMAN POLITICAL SYSTEM: UNDER THE GERMAN CONSTITUTION, IT IS IMPOSSIBLE TO BRING DOWN A GOVERNMENT UNLESS THERE IS AN EXISTING MAJORITY FOR A NEW CHANCELLOR. THIS MEANS THAT THE FDP FRAKTION WOULD HAVE TO VOTE FOR A CDU CANDIDATE OR FACE NEW ELECTIONS IMMEDIATELY IF IT WERE TO LEAVE THE COALITION. BOTH CASES PRESENT CONSIDERABLE RISK FOR THE LIBERALS, AS INDICATED ABOVE. MOREOVER, THE FRG DOES NOT HAVE THE BRITISH BY-ELECTION SYSTEM WHICH CAN CHANGE PARLIAMENTARY BALANCES IN MID-STREAM.

-- NO LIKELY SUCCESSOR TO SCHMIDT: AT THE PRESENT TIME THERE DOES NOT APPEAR TO BE A SUCCESSOR TO HELMUT SCHMIDT AS CHANCELLOR ACCEPTABLE TO THE SPD AND FDP. SHOULD SCHMIDT STEP DOWN FOR SOME REASON, WILLY BRANDT WOULD PROBABLY ATTEMPT TO MOVE BACK INTO THE CHANCELLOR POSITION. SUCH A SITUATION WOULD BE UN-ACCEPTABLE TO THE FDP AND WOULD CREATE PROBLEMS WITHIN THE SPD AND THE ELECTORATE. NONE OF THE OTHER NAMES THAT HAVE BEEN MENTIONED SUCH AS KOSCHNICK, LEBER, OR APEL GENERATE VERY MUCH POSITIVE RESPONSE. THEREFORE, IF SCHMIDT STEPPED DOWN BEFORE 1980, IT COULD INDICATE THAT THE PARTY WAS PREPARED TO GO INTO OPPOSITION.

SCHMIDT, IN ALL THIS, IS ALMOST A TRAGIC FIGURE. HE IS CLEARLY THE BEST MAN AVAILABLE IN THE SPD (AND PERHAPS THE COUNTRY), BUT HE HAS NOT BEEN ABLE TO COMMUNICATE EFFECTIVELY WITH THE PEOPLE OR EVEN HIS

OWN PARTY. HIS PRINCIPAL GOAL -- TO MANAGE MATTERS EFFECTIVELY -- IS UNINSPIRING AND, IN PRESENT GERMAN AND GLOBAL CONDITIONS, PERHAPS UNATTAINABLE. HE GOVERNS THE STRONGEST STATE IN WESTERN EUROPE, AMERICA'S PERHAPS MOST STABLE ALLY, AND YET CANNOT SHAKE OFF PERSISTENT DOUBTS ABOUT HIS EFFECTIVENESS NOR OVERCOME THE SECONDARY PROBLEMS OVER WHICH HE AND HIS GOVERNMENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07053 07 OF 07 251615Z

HAVE REPEATEDLY STUMBLLED SINCE RE-ELECTION.

5. CONSEQUENCES FOR FRG-US RELATIONS

WE WILL, AS THE POLITICAL PROCESSES DEVELOP HERE, ATTEMPT TO ASSESS AT EACH STAGE THE IMPLICATIONS FOR US-FRG RELATIONS AND FOR THE FRG ROLE IN OUR ALLIANCE SYSTEM. WE SHOULD REPEAT ONCE AGAIN THAT THIS GOVERNMENT WILL BE INTENSELY PREOCCUPIED WITH ITS OWN AFFAIRS FOR THE FORSEEABLE FUTURE. HOWEVER, ITS LEADERS ALSO KNOW THAT THEY CANNOT LIGHTLY WEAKEN THE AMERICAN CONNECTION. THEY WILL WANT AND HAVE TO WORK WITH US, AND WILL HOPE THAT WE CAN FIND AREAS IN WHICH THAT COLLABORATION WILL GAIN THEIR SUPPORT HERE (MOST PROBABLY IN EAST-WEST AND SOME NORTH-SOUTH MATTERS).

BEYOND THOSE BASICS, HOWEVER, IT MA BE WELL TO KEEP IN MIND THAT THE CURRENT PHASE OF THE COALITION'S EXISTENCE, DESPITE THE GLARING WEAKNESSES AND THE DANGER OF COLLAPSE, MAY BE THE STRONGEST OF THE THREE PHASES THAT LIE AHEAD. WE MAY WELL FIND THAT THOSE MATTERS WE CANNOT RESOLVE IN THE NEXT NINE TO TWELVE MONTHS MAY PASS BEYOND RESOLUTION FOR REASONS RELATED TO GERMAN DOMESTIC DEVELOPMENTS RATHER THAN TO THEIR INTRINSIC SUBSTANCE.

STOESSEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COALITION GOVERNMENT, POLITICAL STABILITY, FOREIGN RELATIONS, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN07053
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770143-1099
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770424/aaaaaulo.tel
Line Count: 911
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 17de16a0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 17
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 BONN 4959
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2709986
Secure: OPEN
Status: NATIVE
Subject: THE FUTURE OF THE SCHMIDT-GENSCHER GOVERN- MENT
TAGS: PINT, PFOR, GE, (SCHMIDT, HELMUT), (GENSCHER, HANS-DIETRICH)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/17de16a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009